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ATTACHMENT A

SUMMARY OF U.S. ARGUMENTATION IN US-UK BILATERALS ON EAST-WEST TRADE

London, September 26, 1955

1. The UK and the US should, if possible, agree that the CG should not be called into session until the first week in December or ten days after adjournment of the Foreign Ministers Meeting, whichever were the later date. This would permit taking into account not only the Geneva discussions of Exports but also progress, if any, in the Chinese-US Ambassadorial talks. The British, ad referendum, accepted this suggestion.
2. The US-UK-France should continue to be bound by the July Trilateral Agreements on handling of East-West Trade problems with the USSR. This agreement, in brief, was that there should be no retreat from the security trade control system except in return for substantial Soviet concessions in other fields, e.g. disarmament and security. The British stated that it was their understanding that that position was unchanged, so far as the negotiating requirements of the quadrilateral discussions at Geneva were concerned.
3. As to elimination of the so-called China differential, our spokesmen said that the US could not accept the UK conclusion that it was timely or desirable to do this. In outline our arguments were:
 - a. The UN has named Communist China an aggressor and adopted a resolution calling for a selective embargo. Neither action has been rescinded. We have, therefore, a legal obligation to treat Communist China differently from the rest of the Soviet Bloc.
 - b. The British, and some other Europeans, tend to regard Chinese Communist aggression as over. The Korean armistice violations, the arms and air build-up opposite Formosa, and Chinese aid to Vietnam do not reassure us as to abandonment of Chinese Communist aggressive intentions.
 - c. The British tend to regard the China embargo as economically and militarily ineffective. We can admit that the economic and military impact of controls is not such as to deprive China of war-making capacity, and still regard the controls as of vital importance. Communist China dislikes the inconvenience they create. It resents intensely their symbolic significance: the controls are a tangible indication that a large group of countries agree to treat China as a pariah in the family of nations. Continuation of this affront to their amour propre constitutes an effective form of pressure.
 - d. The United States bears a military lead, on behalf of the Free World, of primary importance in defense of its security in the Pacific area. Our views as to the security requirements of the area should be accorded special respect by countries bearing less or no military responsibilities in the area. We regard perpetuation of differential controls as essential

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for security reasons. And to those who disagree with this judgment and desire a relaxation of tensions between the United States and China, we say that the most promising means for relaxation or elimination of those tensions is continuation of the bilateral Ambassadorial talks in Geneva. We believe that the minor concessions being made by the Chinese Communists have been the result of Free World firmness and pressure. To lessen the firmness and relax the pressure prematurely might well frustrate the prolonged and painstaking attempt now being made to move toward understandings and arrangements which might diminish the danger of Chinese Communist resort to force. Europe would have much to lose from a failure of the US-Communist Chinese talks which could result from a Chinese belief that it can divide the West without meeting US terms.

e. The foregoing observations do not depend upon an assessment of the present temper of public and Congressional opinion in the United States. The British need not be told that our Congress has been uncompromising, hitherto, in its rejection of proposals to treat Communist China even on the same basis that we treat the USSR.

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